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ADMITTED TO PRACTICE IN:
ARIZONA, COLORADO, MONTANA,
NEVADA, TEXAS, WYOMING,
DISTRICT OF COLUMBIA

May 5, 2010

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Cayetano, Inc. DBA Lakewood Water Company
Docket No. W-01809A-10-0061

To Whom It May Concern:

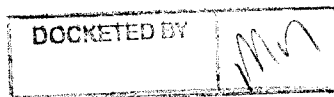
In Section XII of its currently pending Application for a Certificate of Convenience and Necessity ("CC&N") in Santa Cruz County, Cayetano, Inc. DBA Lakewood Water Company ("Lakewood") indicated that it would file such water Franchise it receives from the Santa Cruz County Board of Supervisors upon Lakewood's receipt of the same. Enclosed for filing in the above-referenced docketed proceeding are fourteen (14) copies of the form of Franchise, as transmitted from the Clerk of the Santa Cruz County Board of Supervisors to Lakewood on May 4, 2010.

Please let me know if you require any further information in connection with the above, and thank you for your assistance with regard to this matter.

Arizona Corporation Commission

DOCKETED

MAY - 7 2010



Sincerely,

Angela R. Trujillo

Secretary

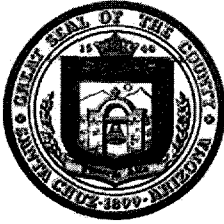
Lawrence V. Robertson, Jr.

ARIZONA CORPORATION
COMMISSION
DOCKET CONTROL

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cc: Melinda Meek, Clerk Santa Cruz County Board of Supervisors
Cayetano, Inc. DBA Lakewood Water Company



RESOLUTION NO. 2010-08
OF THE BOARD OF SUPERVISORS OF
SANTA CRUZ COUNTY, ARIZONA

IN THE MATTER OF THE APPLICATION OF CAYETANO,
INC. DBA LAKEWOOD WATER COMPANY, AN ARIZONA
PUBLIC SERVICE CORPORATION, FOR A FRANCHISE TO
USE THE PUBLIC STREETS, ROADS, ALLEYS AND PUBLIC
WAYS OR PLACES NOW OR HEREAFTER ESTABLISHED
FOR THE PURPOSE OF CONSTRUCTING, OPERATING AND
MAINTAINING FACILITIES FOR THE PROVISION OF
WATER SERVICE TO THE PUBLIC

FRANCHISE

WHEREAS, Cayetano, Inc. DBA Lakewood Water Company, an Arizona public service corporation ("Franchisee"), has duly and regularly applied and petitioned, pursuant to A.R.S. § 40-283, to the Board of Supervisors of the County of Santa Cruz, State of Arizona (the "County") for the franchise right and privilege to construct, operate and maintain a water distribution system in, upon, along, under, over and across the public streets, roads, alleys and public ways or places now or hereafter established (the "Public Rights-of-Way") within the County for the distribution and sale of water to domestic, commercial, industrial and institutional customers and for any and all other lawful purposes (the "Franchise Purposes"); and,

WHEREAS, notice to the public of said application has been duly given as required by law; and,

WHEREAS, said application was filed with the County on the 22nd day of March, 2010, and no petition to the County to deny such franchise was filed or presented according to law, and the County has considered the application for the franchise at a duly called public meeting; and

WHEREAS, it being determined by the County that the grant of this franchise is regular, authorized by law and in the best interests of the County and the inhabitants thereof;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF SANTA CRUZ COUNTY, ARIZONA, as follows:

1. That Franchisee is hereby enfranchised and empowered to use the Public Rights-of-Way lying within the County for the Franchise Purposes.
2. All rights hereunder are granted under the express condition that the County shall have the power at any time to impose at its sole discretion such restrictions and limitations and to make such regulations as to the use of the Public Rights-of-Way by Franchisee, as may be deemed best for the public safety or welfare.
3. The rights of the County in and to the use of the Public Rights-of-Way shall be forever paramount and superior to the rights of Franchisee.
4. Franchisee shall bear all expenses made or incurred for the purpose of this franchise, including damages and compensation for any alteration of the direction, surface, grade or alignment of any of the Public Rights-of-Way.
5. The expense of lowering, raising or moving pipes or other installations of Franchisee, or changing locations of installations of Franchisee, made necessary by the County's decision to change the direction, surface, grade or alignment, etc., of the Public Rights-of-Way shall be borne by Franchisee unless otherwise provided by law.
6. Nothing in this franchise shall be construed to grant Franchisee an exclusive right to use the Public Rights-of-Way. Franchisee's facilities shall be constructed and installed so as not to interfere with the reasonable use of the Public Rights-of-Way by the County. The location of facilities of Franchisee shall not be a vested interest, and the facilities shall be removed by Franchisee whenever they restrict or obstruct the operation or location of the Public Rights-of-Way or County facilities or the use thereof by the public.
7. This franchise and the rights and privileges granted herein shall be saleable, assignable and transferable by Franchisee, but no sale, assignment or transfer, in whole or in

part, of any of the rights and privileges granted herein shall be effective as against the County until notice of the same in writing has been given to the County.

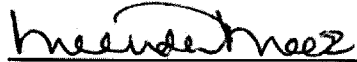
8. Franchisee assumes sole responsibility for the construction, condition, installation and safeguarding of any facility of Franchisee installed in a Public Right-of-Way pursuant to this franchise. Franchisee shall indemnify, hold harmless and defend the County, its officials, agents, servants and employees, from and against all claims for injuries to persons or damages to property due to the construction, condition, installation, location and safeguarding of any facility of Franchisee in a Public Right-of-Way, including the safeguarding of persons using the Public Rights-of-Way from such facilities and activities of Franchisee.

9. This franchise shall not be effective for any purpose until the acceptance of Franchisee is endorsed herein in writing; provided that, after any sale, assignment or transfer of Franchisee's rights hereunder Franchisee shall not be obligated under the terms hereof.

10. This franchise is granted for the term of twenty-five (25) years from the date of the passage and adoption of the same.

PASSED AND ADOPTED on this 28th day of April, 2010.

ATTEST:



Melinda Meek, Clerk of the Board

Santa Cruz County Board of Supervisors

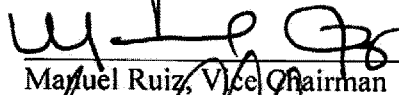


John Maynard, Chairman

APPROVED AS TO FORM:



Leslie G. Spira, Deputy County Attorney



Manuel Ruiz, Vice Chairman



Rudy Molera, Member

ACCEPTED BY:

CAYETANO, INC. DBA LAKEWOOD WATER
COMPANY, an Arizona public service corporation

By 

Gary Smyth, President